

with that show with the naked guy and the island.

He couldn't take full credit for that -- he first dismissed *Survivor* as the dumbest idea he'd ever heard, "a cable show" -- but when the program became a phenomenon and a franchise, he did what was probably the craziest thing he could possibly do with it, which was to move it to Thursdays, against NBC's *Friends*. People can say now that it wasn't such a crazy idea, but it was. He put *Survivor* and another new CBS hit, *CSI*, there, and prayed they would work. They worked. *CSI* is now the No. 1 show on TV, in fact.

"That changed the face of the network," Mr. Moonves said. "We could have been destroyed."

One show *had* helped turn it around. Now, the network looked more like he wanted it to. It was still a tad geezerish -- CBS is still the oldest-skewing network, a fact which Mr. Moonves said was "held against us by the advertising community." But with *Survivor* and *CSI* and *Raymond* and the *King of Queens* and the gang at *60 Minutes*, it looked like -- of all things -- the last broadcasting network. NBC had long gone hip and urbane, Fox was for the smart-asses and kids, and ABC was ... well, ask us later. But Mr. Moonves, as Hollywood insider as you could get, had crafted a network with something for everyone, even *you* -- even if nobody you knew ever, ever, watched *Becker*.

"We're the only ones that talk about viewers," he said.

He talked about "viewers" not only because NBC still had the 18-to-49-year-old edge, but also because the showman in Mr. Moonves liked the idea of it: He enjoyed the big-tent hit, the show everyone watched. Especially if it was a classy show. Network executives are great pretenders, but Mr. Moonves didn't begin to pretend he was as proud of, say, *Big Brother* as he was of *9/11*, the network's award-winning documentary about the World Trade Center attack.

"There are victories, and there are hollow victories," he said. "You all want to be proud of your work. It's not to say I'm not proud of everything on our network -- I'm prouder of certain things. But the reason you got into this business is to get a Peabody Award for the *9/11* special. There is a spiritual, social thing. There is a responsibility I take very seriously."

It didn't always work out the way he liked, of course. Mr. Moonves had been beaten up a bit over his decision to air a miniseries about Hitler's early years, premiering May 18.

"I took that very seriously," he said. "I thought a lot about the criticism that was coming our way -- which bothered us only because it was based on a script we threw away. But I thought: Is doing this program at all going to provoke anti-Semitism and neo-Nazism? We gave it a lot of thought. The people out there who think network heads and programmers are a bunch of heathens are wrong. I really do care what goes on the screen."

"The criticism stung," he continued. "It bothered me because there was a whole wave of it from leading Jewish leaders. From top guys. So we did take pause: 'Is this the right thing to do?' And I said: 'Yes, it is. It's our obligation, and it's important that we tell this story -- but it's important that we get it right.' That was my main concern. I was nervous about getting it right."

He felt he'd made the right decision. He said he was proud of the Hitler project.

And then ... what about the *Beverly Hillbillies*? He'd been roasted about that, too -- CBS had been mulling a reality series with real-life backwoods people moving to real-life Beverly Hills. It outraged Georgia Senator Zell Miller, who found time to blast Mr. Moonves on the floor of the United States Senate.

"We have not decided what to do," Mr. Moonves said. "It has certainly received a lot more attention than I ever thought it would -- resolutions on the floor of the U.S. Senate days before we bombed Iraq, which I found to be the most astonishing thing, that a Senator took 15 minutes on the floor of the United States Senate to put me down for a show that we haven't even ordered. We're still looking at it, we're still exploring it -- we haven't made any decisions."

It was *television*! There was always going to be something. He'd been on decent terms with Mr. Letterman for a while, so that was a nice plus, since it'd been ugly not too long ago. "I still think we got the best guy," Mr. Moonves said of Dave. "When I go home at night and I want to watch a show, that monologue is the best thing on television." He even had nice words for Craiggers, Craig Kilborn, who's been dealing with a new challenge from ABC's Jimmy Kimmel. "Craig is doing fine," he said.

And if you want to talk about potential hornets' nests, since 1998 Mr. Moonves has also overseen the CBS News division. From the get-go, there was worry about what the entertainment executive might do. Down on West 57th, the legends in suspenders were skittish. Mr. Moonves said he was skittish, too.

"When I'm first dealing with the Don Hewitts of the world and the Dan Rathers and the Mike Wallaces, I was a little bit intimidated," Mr. Moonves said. "These were legends. I have been a news junkie my whole life -- my family, I grew up with that -- and I was suddenly their boss. So I treaded softly."

Mr. Moonves said he was proud of the work CBS News had done throughout the Iraq war, and before that, 9-11. He called the coverage "phenomenal." There'd been some back-and-forth during the war about when to break regular programming to carry news coverage -- in the mother of all conflicts, CBS was scheduled to open the NCAA basketball tournament hours after the war broke out -- but he felt each decision had been handled appropriately. "There are economic questions every time we do that," he said of breaking news interruptions. "Even if it's 11 in the morning and we've got to yank *The Young and the Restless* -- we lose x amount of dollars on that. We are trying to be good corporate citizens, and we've got to be good public citizens. It's always tough calls."

He said he got it: He knew why breaking coverage was important, not just to the integrity and tradition of the company, but to the principle of broadcasting. He'd always be the outsider, but he felt he understood the news beast, and earned some respect back.

Andrew Heyward, the CBS News president, agreed. "He said, 'As long as you keep me informed,

we'll be fine -- I'm going to let you run your division," Mr. Heyward recalled. "He has totally lived up to that."

There would be more tough calls, obviously. Mr. Moonves isn't exactly freaking out about TiVo -- yet -- but he said that if more people begin using services that allow them to zap out commercials, his network would have no choice but to find ways of integrating the advertisers' products into programming.

"That is the future," Mr. Moonves said. "There's going to be much more product placement. We did it with *Survivor*, obviously. They're doing it with *American Idol*. I saw *Minority Report*, Steven Spielberg's movie -- that had more product placement than any TV show I've ever seen. So my phrase is, 'If it's good enough for Spielberg, it's good enough for us.' So you're going to see more and more of that- you're going to see cars incorporated into shows, and instead of Ray Romano, sitting there with a can of nondescript soda, he'll be drinking a Diet Pepsi. That's going to happen."

Mr. Romano, of course, was about to sign a new contract ensuring him \$43 million dollars to continue having Everybody Love him -- tough life! -- so he'd probably happily suck down the Diet Pepsi. But that was probably as much as Mr. Moonves would ask of him. Mr. Romano's pal Phil Rosenthal -- not doing too bad these days himself, either -- said that Mr. Moonves calls him each time *Everybody Loves Raymond* celebrates anniversaries, and reminds him he didn't screw with his show, like television executives are wont to do.

"He'll say, 'Didn't get a note from me, did ya? Didn't get one note from us, did ya? Once it got going -- no notes!'" Mr. Rosenthal said. "He's proud of that. And you got to love that if you're in my position. They didn't mess with it."

Which is not to say that Mr. Moonves is a hands-off guy. Not every show is as promising as *Everybody Loves Raymond*, and the CBS chief will get involved if he feels he needs to, in everything from casting to plotlines to contracts. Especially in negotiations, he can be terminally relentless and aggressive, and even his friends acknowledge he's a grizzly in a fight. "He's just passionate about what he does," said his friend Jim Wiatt, the head of the William Morris Agency. "If he doesn't get something he wants, he's pissed. He does not like to lose."

But it's his game to lose. More than anyone else in the TV business, Mr. Moonves gets to run the show. This afternoon he'll walk out at Carnegie Hall and introduce a number of new shows. There's a sitcom (*Two and a Half Men*) with Charlie Sheen, a drama (*The Handler*) with Joey Pants from *The Sopranos*, another Jerry Bruckheimer thriller (*Cold Case*), and something from David E. Kelley (*The Brotherhood of Poland, N.H.*), a friend of Mr. Moonves' who may or may not be entering his Willie Mays-on-the-Mets stage.

A few of these shows will likely be flops. But maybe there's a hit in there. Maybe even two. Whatever happens, Leslie Moonves intends to keep broadcasting, doing it the only way he knows, front center, larger than life and ... basking. It's what he does.

"Opportunity for me has been less out of design than 'Shit happens,'" Mr. Moonves said. "Stuff

comes at me and I weave through it. At the moment, I really am content with what I am doing. It's exciting, it's fun. Especially this time of the year."

ATTACHMENT #27

The New York Times, March 14, 2003

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March 14, 2003, Friday, Late Edition - Final

SECTION: Section C; Page 5; Column 1; Business/Financial Desk

LENGTH: 742 words

HEADLINE: THE MEDIA BUSINESS: ADVERTISING;
A TV series supported by product placements falls through for lack of a second sponsor.

BYLINE: By Stuart Elliott with Bill Carter

BODY:

PLANS by the WB network and a leading television producer for a live summer entertainment series that would run without commercials -- instead incorporating the sponsors' pitches into the shows -- have been shelved, perhaps indefinitely.

Jed Petrick, president and chief operating officer at WB, disclosed the delay of the series, tentatively titled "Live From Tomorrow" or "Live From Right Now," during a presentation yesterday at an advertising industry forum. At first, Mr. Petrick said, "We're not going forward with it." But in a subsequent telephone interview, he elaborated, saying that while the series would not be shown this summer, "by no means is it over."

"The network is still enthusiastically behind it and will find a way to get it on the air," Mr. Petrick said. The series is being developed for WB by Diplomatic, the television production company headed by Michael Davies of "Who Wants to Be a Millionaire" fame.

Asked if the series would be developed for summer 2004, Mr. Petrick said, "I don't know how to answer that."

The snag in getting the show on WB's schedule this summer was Diplomatic's inability to get a second major sponsor, in addition to Pepsi-Cola, to make a multimillion-dollar commitment.

Mr. Petrick's presentation was one of several yesterday at the conference -- the 2003 Television Advertising Forum, sponsored by the Association of National Advertisers -- that focused on product placements and other ways Madison Avenue can fight the increasing reluctance of viewers to sit through traditional commercials.

Integrating pitches into programs, a staple of radio and television advertising from the 1930's to the 1950's, is being embraced ardently by advertisers, networks and agencies. And the product

placements are nowhere more prevalent than in reality TV shows.

But for every "American Idol" and "Survivor," with tens of millions of viewers during each episode absorbing repeated plugs for products like cars, soft drinks, clothes or candy, there are numerous reality series struggling to attract audiences.

The latest, "All American Girl," was introduced on Wednesday by ABC with extensive placements for Cingular Wireless and Schick. But only 6.7 million people watched the show, a poor performance compared with the nearly 19 million viewers for the first episode of Fox's "Joe Millionaire."

Other struggling reality shows include "Married by America" on Fox Broadcasting, "Let's Make a Deal" on NBC and two others on ABC: "Are You Hot? The Search for America's Sexiest People" and "The Family."

WB, owned by AOL Time Warner and the Tribune Company, is not scheduling as many reality shows as its older, larger competitors. One such series that WB offered recently, "High School Reunion," was deemed to have performed well and is to return for a second installment.

WB is also going ahead with plans for other nontraditional fare for the summer. "Boarding House North Shore," for example, will present a competition among surfers living together in a house full of product placements. And Diplomatic, Mr. Davies's company, is producing "Play for a Billion," a two-hour live special, with a giveaway of a \$1 billion prize, to be sponsored by the Pepsi-Cola Company division of PepsiCo.

Pepsi-Cola agreed to be a major sponsor of "Live From Tomorrow," which was to appear on WB after the network sold the six hourlong time slots to Diplomatic. But Mr. Davies called it off, at least temporarily, when he could not coax a second major advertiser into making "a quasicommitment" a firm one.

"I'm taking a multimillion-dollar risk on this, and it's my show," Mr. Davies said. "If I were a studio, I think I would have gone ahead. I think we would have been able to line up the other sponsor. But I just didn't have the time."

Two other advertisers made commitments to be secondary sponsors of the series, Mr. Davies said. He identified them as Reebok International and the Sony PlayStation line of video games sold by the Sony Corporation. Mr. Davies and Mr. Petrick declined to discuss the difference in sponsorship dollars between a major and a minor sponsor.

As for "Play for a Billion," Mr. Davies said, it is "definitely happening."

Dave DeCecco, a spokesman for Pepsi-Cola in Purchase, N.Y., said the company was still interested in "Live From Tomorrow."

"If it comes back in any iteration," Mr. DeCecco said, "we're definitely looking at that."

ATTACHMENT #28

The New York Post May 26, 2002, Sunday

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The New York Post

May 26, 2002, Sunday

SECTION: All Editions; Pg. 034

LENGTH: 415 words

HEADLINE: BLOCKBUSTER SEASON FOR PRODUCT PLACEMENTS

BYLINE: LISA MARSH

BODY:

Big box-office means potential big pay-offs for companies smart enough to place products in this summer's blockbuster films.

This weekend kicks off the summer blockbuster movie season and this year's contest promises to be hotter than hot.

The releases of "Spider-Man" and "Star Wars: Attack of the Clones" have already set box-office records. "Men in Black II," "The Bourne Identity," Tom Cruise's "Minority Report" and "Scooby-Doo" have yet to hit the big screen, but are expected to bring in millions.

And consumer product placements can be seen in almost every one of these movies.

"Spider-Man" contains a Dr. Pepper can and a Cingular Wireless billboard seen in the Web-slinging action. Ray-Ban sunglasses and the Mercedes Benz E-Class car are in virtually every scene of "Men in Black II." Angelina Jolie's "Life or Something Like It" went so far as to include references to Altoids and Bose speakers written into the script.

"Everybody's looking for new ways to reach consumers," said Peter Gardiner, partner and chief media officer at Deutsch, Inc. "Advertising still works, but the space is so cluttered.

"Through entertainment," he added, "you're sitting in a theater. It plays in people's minds. You react differently and you remember it in a way that's more powerful."

"Product placement in movies is tried and true - people know it works," agreed Charles Hall, president of Mixed Business Group, a marketing services group. "Everyone wants to be associated with the next blockbuster."

Add the fact that every company is looking for the next blockbuster, and companies are willing

to pay for a mention or placement that could result in what Hershey's Reese's Pieces experienced with "E.T."

"It was so well done and powerful, it drove sales for years and years," said Deutsch's Gardiner.

Seamless integration into a film is the objective with these placements. "We're talking about doing it in a way that doesn't have a negative effect," Gardiner said.

However, he warned, this may be the year of the overdose of product placement in movies.

"It gets overdone and we all back off," he said. "We're in that phase right now. That's why placement has to be so right."

However, the right product partnership can help fuel the popularity of the movie itself.

"The focus of our efforts was to create a consumer promotion around aeSpider-Man,' " said Jeff Porter, sales and promotion director for 7-Up/Dr. Pepper.

ATTACHMENT #29

Richmond Times Dispatch (Virginia) August 17, 2002 Saturday City Edition

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Richmond Times Dispatch (Virginia)

August 17, 2002 Saturday City Edition

SECTION: GREEN SECTION; Pg. G-4

LENGTH: 834 words

HEADLINE: NOT-SO-HIDDEN PERSUADERS;
A WORD FROM YOUR SPONSOR IS NOW A PART OF THE SHOW ITSELF

BYLINE: Douglas Durden, * Contact Douglas Durden at (804) 649-6359 or e-mail her at ddurden@timesdispatch.com,

BODY:

The hyperactive performers of Fox's "American Idol" have their Coca-Cola moments; the hard-pressed contestants on NBC's "Dog Eat Dog" play trivia against the Circuit City big screen. And when "Who Wants to Be a Millionaire" was king of TV, AT&T was regularly plugged on its phone-a-friend segment.

Welcome to the world of product placement, coming soon to a TV series near you if not already there.

Product placement works like this: A very obvious reference to a product - either a mention, an emblem or the product itself - is dropped into a program. This is no commercial. This is part of the show.

So far, product placement is reserved mainly for so-called reality shows, where crass hucksterism seems right at home for thirsty Survivors in need of snack food and beer.

For a look into the future, however, check out the summer movies.

In "Men in Black II," a certain burger chain gets double exposure as Lara Flynn Boyle eats a burger framed by a large billboard for same behind her. In "Austin Powers in Goldmember," brand-name beer, bottled water and Mexican food all get important face time.

We watch, we laugh. But, between the advertisements we have to sit through before the movie starts and the rampant product placement within, shouldn't the movie be free?

Keeping broadcast TV free may ultimately be what product placement is all about.

With viewers zapping past commercials through a variety of methods, product placement may be the last, best way for advertisers to get their message across. Advertisers like it because it gives their product credibility. Networks like it because their shows gain a sponsor, or at least a cheaper way to dress the set.

And it's not as if product placement is anything new.

Back in the '50s, you found product placement in the title - "Texaco Star Theater" and "Perry Como's Kraft Music Hall" are just two examples. And when's the last time you saw a NASCAR car without a product logo?

But even network executives, desperate to find new ways to generate revenue, have to admit that product placement isn't for every show.

"When somebody is jumping up and down because they have a beer as a reward and they make it seem like it's the greatest liquid that they ever drank in their lives and they're real people - that *probably is more effective than having some model saying 'Hey, drink Budweiser.'* It can be very effective," said CBS President Leslie Moonves, alluding to product placement on the network's popular "Survivor" series.

"With the dramas and the comedies, it doesn't fit in as easily .*. *. It takes away from the purity."

But Moonves, as cost conscious as any network executive, couldn't help but notice the product placement in the current Tom Cruise film, "Minority Report." In one scene, a character passes through a futuristic mall with talking billboards. The science of selling may be different, but the brands are the same as in 2002 America.

"If Steven Spielberg can do it, I guess we can do it. . . . As we look to the future of network television and broadcast television, we have to look at this as another source of revenue," said Moonves, who is considering having David Caruso's character in the new "CSI: Miami" drive a Cadillac.

Moonves also admits, however, that you can't sell every product on every show.

"'CSI' is a tougher show to have product placement on than 'Everybody Loves Raymond.' How do you do an autopsy and have a Diet Coke next to it?"

Sandy Grushow, chairman of the Fox Television Entertainment Group - whose "American Idol" is rife with product placement - pointed out another problem with the trend.

"If you wind up embedding a particular product into a show when it's airing on the network, it can easily have negative ramifications when that program makes it down the food chain into syndication. Advertisers are very concerned about product exclusivity in a particular program.

"To that end, there are companies out there right now that are working on being able to digitally insert a product into a show so that when it's on the network, if someone's drinking a can of soda,

it can be Coca-Cola. But downstream in syndication, if Pepsi wants to sponsor the show, it can become a can of Pepsi."

While acknowledging that both the trend toward unscripted reality programming and product placement are ways to afford to produce new TV series in the summer, Grushow doesn't see product placement as the savior of broadcast television.

He compares it to all the talk a year ago about re-purposing, which provides a TV show with airings on more than one channel.

"It was the panacea that was going to cure all of the economic ills of the industry. And I just don't think that's the case.

With product placement, said Grushow, "what we're looking at is a drop in the bucket. We're talking about \$8 billion dollars in traditional advertising on the six broadcast networks. I don't think that's going to be replaced by \$8 billion worth of product placement."

ATTACHMENT #30

The Toronto Star May 6, 2001, Sunday, Edition 1

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The Toronto Star

May 6, 2001, Sunday, Edition 1

SECTION: WAB

LENGTH: 749 words

HEADLINE: TEEN-CLOTHING CHAIN'S 46 NEW STORES BUCK TREND

BYLINE: Steven Theobald

BODY:

WHEN IT comes to Canadian expansion, American Eagle Outfitters Inc. has got its ducks in a row.

The first of 46 Canadian stores for the Pennsylvania-based retailer, made famous by its association with TV's Dawson's Creek, opened Thursday in Hamilton's Lime Ridge Mall.

GTA-area stores in Erin Mills Town Centre, Oakville Place and Bramalea City Centre are opening this week, with the flagship in Toronto Eaton Centre slated for an early June launch.

The timing couldn't be better, because several potential U.S. rivals have postponed their expansion plans, giving American Eagle at least two years' worth of breathing room. Sure, the economy is slowing but everything else is a textbook case of how to move into a new country.

The key step is buying an existing, distressed retailer cheap.

For \$115 million, the company bought from Dylex Ltd. the tired Braemar chain. That deal also includes the 115-store Thriftys chain and distribution facilities.

Converting 46 of the 57 Braemar stores gives American Eagle locations in virtually all of Canada's top malls coast to coast. No fuss. No mess.

By the fall, all the stores will be up and running, in time for the crucial back-to-school season, says Lora Tisi, president of Canadian operations.

"It's exciting to be a national brand in 100 days."

As an added bonus, rivals such as Abercrombie & Fitch Co., J. Crew Group Inc. and Pacific

Sunwear of California Inc. scrapped plans to open stores here, citing problems in the American market and plunging stock valuations.

But American Eagle will still have a fight on its hands for its core customers - high school and university students.

In particular, arch rival Old Navy, a unit of San Francisco's Gap Inc., has opened a dozen stores in Ontario, with plans for more.

And Old Navy is no novice when it comes to developing brand awareness with its crucial market segment. The first members of the public given sneak previews of the Ontario stores were dozens of high school newspaper reporters.

By all accounts, Old Navy's initial sales have been impressive.

South of the border, American Eagle has demonstrated its ability to compete head to head.

In recent months, big-name clothing retailers, including Old Navy and the Gap, have reported falling comparable store sales - sales at stores open more than a year.

American Eagle was one of the few posting strong gains, despite the softening economy, says Adelle Kirk, a principal with New York-based Kurt Salmon & Associates, a consumer products and branding firm.

American Eagle's sales last year grew 31 per cent, to \$1.09 billion (U.S.). It operates 568 stores, not including Canada.

"They have also stayed very consistent in their value proposition," Kirk says. "Their pricing is sharp and their merchandising is strong."

Don't count the Gap or Old Navy out, though, Kirk says.

"One or two seasons of products that aren't absolute hits doesn't mean somebody's star is waning."

The more competition in Canada's malls, the better, says Dave Brodie, a retail analyst with HSBC Securities (Canada).

"The other retailers end up being healthy for it because the bar has been raised."

American Eagle plans a major marketing and advertising effort in Canada in the fall, once all 46 stores are open, says Patricia Falck, marketing manager for Canada.

Like Old Navy, the clothier must first rely on brand recognition drifting up from the U.S.

"Anyone with cross-border experience has exposure to American Eagle," Falck says. That

exposure often comes from TV programs and movies.

The biggest impact has been from sexy, prime-time teen soap Dawson's Creek, Tisi says.

"When they see Jen wearing an American Eagle T-shirt, they want to be just like her," referring to a character on the show.

"It's not just the wardrobe, it's the attitude."

Another show in which people don the AE logo is MTV's Road Rules, shown in Canada on specialty channel, OLN.

It's a reality series about a group of 20-something strangers - decked out in American Eagle wear - forced to trek across the U.S.

Product placement is extremely powerful because, for many, mass media define what is cool, says Lynn Fletcher, chief strategic officer, Vickers Benson & Arnold Inc.

"It's more subtle than advertising because your (defensive) antenna is up a little less," Fletcher says.

"But if it's way too obvious, it's not going to work."